

# News

## Contracting Out

### OMB to Revise Circular A-76 to Shorten Process; Competition Is Top Priority for OFPP

Office of Management and Budget Circular A-76, the principal guidance for public-private competitions, must be revised in order to make good on President Bush's campaign promise to compete as many commercial activities currently being performed by government employees as possible, OMB Director Mitch Daniels announced April 18.

Some "touch-up" work must be done on Circular A-76 to shorten the process, which typically takes 18 months to two years or more to complete, Daniels told attendees at a two-day federal acquisition conference hosted by the General Services Administration and the Procurement Executives Council.

Change is essential in order to make a quantum leap in increasing competition in acquiring goods and services, he added.

Daniels asked the audience for recommendations on how to "radically" revise A-76.

OMB personnel have already started drafting changes to the circular, he said. The next administrator of the Office of Federal Procurement Policy will lead the effort.

The president March 22 nominated Washington, D.C., attorney Angela Styles to be the next OFPP administrator (75 FCR 325). The Senate Governmental Affairs Committee has not yet scheduled her confirmation hearing.

Daniels made clear that implementing the administration's competition goals would be the OFPP head's number one job.

The business of government is not to provide goods and services, but to see to it that they are provided, Daniels asserted.

**400,000 Positions Are Candidates.** During the 2000 presidential campaign, Bush outlined a government that was smaller, better performing, and more reliant on the private sector (75 FCR 229).

After taking office, Bush directed OMB to develop a plan to implement the campaign promise.

Accordingly, OMB began developing a plan to compete about half-400,000-of the 850,000 commercial jobs eligible for competition or direct conversion identified on the fiscal year 2000 FAIR Act inventories.

As a first step toward meeting that goal, Deputy OMB Director Sean O'Keefe March 9 instructed agencies to develop plans to compete or directly convert at least 5 percent of positions on their FAIR Act lists in FY 2002 (75 FCR 301).

Groups such as the Professional Services Council and the U.S. Chamber of Commerce, which have been pushing for greater outsourcing by the federal government, were gratified at O'Keefe's mandate, but ex-

pressed concern that the current A-76 process could impede the effort.

"A-76 is in need of repair," said PSC President Stan Soloway. "The process can and should be more streamlined," he said.

**Competitions Grind to a Halt.** Daniels observed that public-private competitions which result in significant savings for the government no matter which side wins have "ground to a near halt."

Between 1978 and 1994, the Defense Department conducted 2,100 competitions, which netted 31 percent savings, Daniels said.

However, over the last six years DOD has conducted only 200 studies that have resulted in 44 percent savings.

Civilian agencies have listed more than 300,000 jobs on their FAIR Act inventories, Daniels said.

However, currently, there are plans to compete fewer than one-tenth of 1 percent of the commercial activities positions.

There are big differences between agencies in the percentage of commercial activities identified. One agency has 135,000 employees of which only 2,000-1 percent are designated commercial.

This indicates that the federal government has a long way to go, Daniels said.

**Other Comments.** Daniels said agencies and individuals need incentives to do successful competitions. He would like to see a system that would allow agencies and individuals to be rewarded from the savings achieved through successful competitions.

While A-76 has its critics in both the government and the private sector, others say that the often-identified problems with the process would disappear if A-76 were properly implemented.

Some Contract Services Association members have been discussing for some time possible changes to A-76, according to CSA's Cathy Garman.

Now is an excellent opportunity to take a real look at A-76 to see how it can be improved to provide best value for the government, Garman said. Thus, Daniels' words "are music to our ears," she added.

BY LEROY H. ARMES

## Contracting Out

### Agencies Told to list Inherently Governmental Positions Separately From FAIR Act Report

Office of Management and Budget Deputy Director Sean O'Keefe April 3 ordered federal agencies to submit along with their fiscal year 2001 statutorily-mandated inventories of commercial activities a separate report identifying inherently governmental positions-those that are not subject to contracting